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ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.
Centerville, Louisiana

ANNUAL FINANCIAL REPORT

June 30, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/10/07

ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.
Centerville, Louisiana

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
St. Mary Association for Retarded Citizens, Inc.
Centerville, Louisiana 70522

We have audited the accompanying statement of financial position of the St. Mary Association for Retarded Citizens, Inc. (a nonprofit organization) as of June 30, 2006 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the St. Mary Association for Retarded Citizens, Inc. as of June 30, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 19, 2006, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Guidry, Chauvin & Taylor
A Corporation of Certified Public Accountants

Franklin, Louisiana
September 19, 2006

ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.
Centerville, Louisiana

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2006

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 86,069
Accounts receivable	
Grants and contracts	6,312
Medicaid/Medicare	966
Other receivables	-
Prepaid insurance	1,897
Deposits	<u>6,203</u>
Total current assets	<u>101,447</u>
Fixed Assets:	
Buildings and improvements	126,498
Furniture and equipment	89,921
Vehicles	<u>188,504</u>
	404,923
Less: accumulated depreciation	<u>(334,038)</u>
	<u>70,885</u>
Total assets	<u>\$ 172,332</u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable and accrued expenses	\$ 3,601
Accrued and withheld payroll taxes	<u>2,698</u>
Total current liabilities	6,299
Non-current Liabilities	<u>-</u>
Total liabilities	6,299
Net Assets:	
Unrestricted net assets	<u>166,033</u>
Total liabilities and net assets	<u>\$ 172,332</u>

The accompanying notes are an integral part of these financial statements.

ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.
Centerville, Louisiana

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Unrestricted</u>
SUPPORT AND REVENUE:	
Support:	
Grants and contracts	\$ 125,077
Fundraising	583
Contributions	<u>21,445</u>
Total support	<u>147,105</u>
Revenue:	
Program service fees	39,518
Membership fees	3,465
Medicaid/Medicare	63,235
Interest income	-
Other	<u>3,756</u>
Total revenue	<u>109,974</u>
Total support and revenue	<u>257,079</u>
EXPENSES:	
Program services:	
Adult habilitation	206,453
Support services:	
General and administrative	40,386
Fundraising	<u>195</u>
Total expenses	<u>247,034</u>
Change in net assets	10,045
Net assets, beginning of year	<u>155,988</u>
Net assets, end of year	<u>\$ 166,033</u>

The accompanying notes are an integral part of these financial statements.

ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.
Centerville, Louisiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 10,045
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	18,953
Decrease in accounts receivable	3,017
Decrease in prepaid insurance	473
Increase in accounts payable and accrued expenses	<u>2,617</u>
Net cash provided by operating activities	<u>35,105</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(1,673)
Deposit paid for new van	<u>(6,203)</u>
Net cash used by investing activities	<u>(7,876)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
	<u>-</u>
Increase in cash and cash equivalents	27,229
Cash and cash equivalents, beginning of year	<u>58,840</u>
Cash and cash equivalents, end of year	<u>\$ 86,069</u>
Supplemental Information:	
Interest Paid	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.
Centerville, Louisiana

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2006

	Program Services			
	Adult	General and	Fund	Total
	Habilitation	Administrative	Raising	Expenses
Salaries	\$ 106,712	\$ 22,978	\$ -	\$ 129,690
Payroll taxes	8,164	1,758	-	9,922
Total salaries and related expenses	114,876	24,736	-	139,612
Conference and meetings	1,178	-	-	1,178
Dues	-	2,340	-	2,340
Insurance	25,922	4,817	-	30,739
Office expense	2,655	295	78	3,028
Postage	262	29	117	408
Professional fees	-	5,573	-	5,573
Program service supplies	481	-	-	481
Repairs and maintenance	7,088	788	-	7,876
Supplies	1,165	280	-	1,445
Telephone	2,728	303	-	3,031
Thrift store occupancy	3,013	-	-	3,013
Thrift store rent	6,050	-	-	6,050
Transportation	14,839	-	-	14,839
Utilities	6,061	486	-	6,547
Miscellaneous	1,182	739	-	1,921
Total expenses before depreciation	187,500	40,386	195	228,081
Depreciation expense	18,953	-	-	18,953
Total expenses	\$ 206,453	\$ 40,386	\$ 195	\$ 247,034

The accompanying notes are an integral part of these financial statements.

ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.
Centerville, Louisiana

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

St. Mary Association for Retarded Citizens, Inc. operates a non-profit school located in Centerville, Louisiana. The Association provides adult day services to the mentally retarded adults of St. Mary Parish. Individuals perform a wide variety of vocational activities such as recycling, horticulture, and janitorial. The Association is supported primarily through a grant from the Louisiana Department of Health and Hospitals - Office for Citizens with Developmental Disabilities. This contract is funded with 100% State General Funds.

Income Tax Status

St. Mary Association for Retarded Citizens, Inc. is a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase. At June 30, 2006, there were no cash equivalents.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Property and Equipment

Property and equipment are capitalized at cost. It is the Association's policy to capitalize expenditures for these items in excess of \$500. Lesser amounts are expensed. Depreciation is computed using the modified accelerated cost recovery system over the estimated useful lives of the respective assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period.

ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.
Centerville, Louisiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2006

Contributed Service

During the year ended June 30, 2006, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Association at the center, but these services do not meet the criteria for recognition under SFAS No. 116, "Accounting for Contributions Received and Contributions Made".

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions

The Association has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Support and Revenue

St. Mary Association for Retarded Citizens, Inc. entered into a contract with the Louisiana Department of Health and Hospitals - Office for Citizens with Development Disabilities to provide habilitation services to mentally retarded adults in St. Mary Parish. Grant funds are paid monthly to the Association on a per diem basis until the contract amount is reached. Once the contract amount is reached, no more funds are disbursed to the Association. The Association files a monthly report of allowable expenses with the Office for Citizens with Development Disabilities. Allowable expenses are determined by the Office for Citizens with Development Disabilities.

The Association receives program service fees from janitorial services, recycling programs, and selling of second hand items. The Association also received Medicare payments for billable client services. Support and revenue are recognized when earned.

ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.
Centerville, Louisiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 2: SUMMARY OF GRANT FUNDING

St. Mary Association for Retarded Citizens, Inc. was primarily funded through the following grants for the period July 1, 2005 to June 30, 2006:

<u>Funding Source</u>	<u>Grant Contract Number</u>	<u>Grant Contract Period</u>	<u>Total Grant/ Contract</u>	<u>Recognized Support</u>
Louisiana Department of Health and Hospitals	622313	7/1/05 - 6/30/2006	<u>\$ 125,077</u>	<u>\$ 125,077</u>

NOTE 3: ACCOUNTS RECEIVABLE

As of June 30, 2006, accounts receivable was comprised of:

Grants and contracts:

Louisiana Department of Health and Hospitals \$ 6,312

Medicaid/Medicare:

Louisiana Department of Health and Hospitals 966

Total accounts receivable \$ 7,278

**Independent Auditor's Report Required
By *Governmental Auditing Standards***

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
St. Mary Association for Retarded Citizens, Inc.
Centerville, Louisiana 70522

We have audited the financial statements of the St. Mary Association for Retarded Citizens, Inc. (a non-profit organization) as of and for the year ended June 30, 2006, and have issued our report thereon dated September 19, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the St. Mary Association for Retarded Citizens' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the St. Mary Association for Retarded Citizens' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Association's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying summary of auditor's results as item 2006-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a

timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the item noted above to be a material weakness.

This report is intended solely for the information and use of the board of directors of the St. Mary Association of Retarded Citizens, its management and its grantor agencies and is not intended to be and should not be used by anyone other than those specified parties. However, under Louisiana Revised Statute 24:513, the Legislative Auditor will distribute this document as a public record.

Guidry, Chauvin & Taylor
A Corporation of Certified Public Accountants

Franklin, Louisiana
September 19, 2006

**Supplemental Information
Schedules**

ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2006

2005-1 Segregation of Duties

The conditions giving rise to this finding are still present during the year ending June 30, 2006 and; therefore, this finding will be restated in the current audit as finding 2006-1.

ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

We have audited the accompanying financial statements of the St. Mary Association for Retarded Citizens, Inc. (a non-profit organization) as of and for the year ended June 30, 2006. We expressed an unqualified opinion on the financial statements of the St. Mary Association for Retarded Citizens, Inc. as of and for the year ended June 30, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section I: Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☒ Yes ☐ No Reportable Conditions ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

b. Federal Awards

The Association did not receive any federal awards for the year ended June 30, 2006.

Section II: Financial Statement Findings2006-1 Segregation of Duties

Finding: The Association does not have adequate segregation of duties within its accounting and financial functions.

Cause: Due to the limited number of personnel performing administrative functions, the same person within the Association checks the mail, writes checks, reconciles the bank statement and enters information into the general ledger.

Recommendation: The Board is aware of this inadequacy and has concluded that the cost of hiring additional personnel to achieve complete segregation of duties would exceed the benefits. No additional response is deemed necessary.

Section III: Federal Awards Findings and Questioned Costs

The Association did not receive any federal funds during the year ended June 30, 2006.

ST. MARY ASSOCIATION FOR RETARDED CITIZENS, INC.

Management's Response and Corrective Action Plan for Current Year Findings
For the Year Ended June 30, 2006

2006-1 Segregation of Duties

The Board has determined that it is not feasible to hire additional personnel. At the present time the Director is handling the duties under the oversight of the Board.